Government of
Saskatchewan

Annual Report
1988-89

Saskatchewan
Trade and
Investment

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Letters of Transmittal

From the Minister

The Honourable Sylvia Fedoruk
Lieutenant Governor of the
Province of Saskatchewan

Madam:

I have the honour to present herewith the Annual Report for the Department of Trade and Investment for the fiscal year ending March 31, 1989.

Respectfully submitted,

Jack Klein
Minister of Trade
and Investment

From the Deputy Minister

Honourable Jack Klein
Minister, Saskatchewan
Trade and Investment

Sir:

I have the honour to submit for your consideration the Annual Report for Saskatchewan Trade and Investment for the fiscal year ending March 31, 1989.

Respectfully submitted,

Don Wright
Deputy Minister of Trade
and Investment

Overview

The Department's mandate is:

—The maintenance and expansion of exports from Saskatchewan.

—The diversification, by market and product, of Saskatchewan exports.

—Increasing inflows of investment from outside the province.

—The development of investment projects that will enhance the export base of the province.

The department's external focus — on national and international markets and opportunities — is the defining characteristic of its mandate.

The previous fiscal year had been marked by extensive re-organization, following the creation of this department out of the former Economic Development and Trade. As a result, Trade and Investment entered 1988-89 with a structure and mandate which were new, and with many of its positions, including key management posts, as yet unfilled.

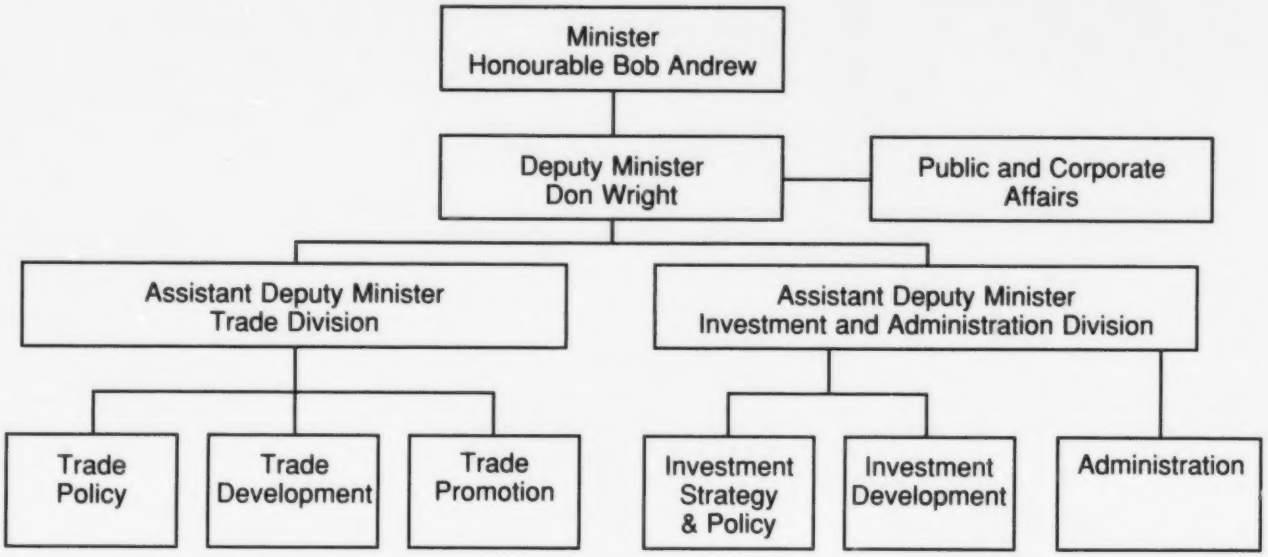
Thus, the department was faced with two overriding challenges during the year:

—Fully staffing the organization, especially the key management positions, with the appropriate investment and trade specialists, then initiating effective internal structures and programs for each of the branches.

—Developing co-ordinated and strategic projects, programs and activities to fulfill the new mandate of the department.

The chapters of this report describe the subsequent work and achievements of the department during the course of the year as these challenges were met.

Organization Chart (March 31, 1989)



The Year in Review

The department was faced with two overriding challenges during the year: fully staffing the organization and initiating effective internal structures and programs for each of the branches, and then pursuing with a unified focus the objectives inherent in its new mandate.

The newly created Trade Development Branch became operational in early 1989 and selected three target markets for intensive analysis and development: California, Japan and South Korea. In addition to the above "geographic" projects, three "sectoral" projects got underway. These were selected to be complementary to the geographic projects in that they are targeted on our key markets in the U.S. and the Pacific Rim, and concern mainly value-added agriculture and food products.

In 1988-89, the Trade Policy Branch began directing Saskatchewan's input in all issues related to the Uruguay Round Negotiations of the GATT. The branch also developed and delivered Saskatchewan objectives and positions on the implementation of the FTA, as well as developing and articulating Saskatchewan's position on Canada-U.S. and Canada-third country trade disputes that impact on Saskatchewan products. Trade Policy produced the widely used *Handbook of Selected Statistics on Saskatchewan Trade.* During the 1988-89 fiscal year, the Trade Promotion Branch intensified its assistance to Saskatchewan firms marketing their products and services outside the province. The branch focussed its efforts on the United States and the Asia Pacific region.

Trade officers assisted companies in marketing an array of products including agricultural equipment, meat and other food products, apparel, building products, secondary wood products, electronic instruments, giftware, forage seed, special crops, generic materials and software.

The department's international offices in Hong Kong, New York and London successfully supported the efforts of Saskatchewan exporters to market meat, wild rice, specialty crops and other foods in those markets. Throughout the year, much attention was paid to incoming missions of buyers and to outgoing missions of exporters.

The Investment Strategy and Policy Branch was fully established during the 1988-89 year, with responsibility for identifying existing and new investment options in Saskatchewan, assisting in the development of a department strategy for investment-related policies and programs, and identifying particular investment projects to be pursued. Branch activities during the year included responsibility for the provincial government's participation in the federal government's Business Immigration Program.

In this, its first year of operation, the Investment Development Branch established and operated the Saskatchewan Government Growth Fund (SGGF), the first provincially administered immigrant investor fund, and co-ordinated the federal-provincial joint efforts to support a major manufacturing plant expansion at Flexi-Coil in Saskatoon.

The substantial organizational change in this fiscal year meant major emphasis in the Administration Branch on classifying and recruiting suitable candidates to vacant positions. The branch also co-ordinated the department's relocation to a new office building, as well as the formation of a comprehensive strategy for development of computer use, and acquiring hardware and

software. Following the government's implementation of the Employment Equity Plan, Administration staff established an employee working committee to develop a departmental strategy consistent with the government's objectives.

New initiatives of the Public and Corporate Affairs Branch in 1988-89 included publication of *The Source*, an extensive kit promoting a wide variety of food, beverage and agricultural products in the export market, as well as publication of *Trade and Investment Today*, a newsletter of the department geared to creating awareness of export and investment opportunities and activities in the private sector. The branch also undertook refurbishing of the department's extensive trade show exhibit system, and development of a new multilingual thrust in communications.

Details of the achievements by branch may be found in the following chapters.

Trade Division

Trade Development Branch

The newly created Trade Development Branch became operational in early 1989. The goal of the branch is to provide the strategic focus for the Trade Division's identification and development of market niches for Saskatchewan's exports.

Primarily, this involves identification of target markets in co-operation with exporting companies, and intensive market analysis to assist exporters in determining how best to enter and position themselves in their target markets. Branch personnel are then responsible for working with companies to design and implement their marketing plans.

In this fiscal year, the branch selected three target markets for intensive analysis and development: California, Japan and South Korea. Small 'project teams' were established to begin investigation of these markets and to co-ordinate and focus the activities of Saskatchewan exporters interested in new opportunities in these markets.

In all three markets, the initial sectoral focus is on agricultural and value-added food products, but the objective is to cover all export sectors over an 18-24 month period. Once the projects are complete, the teams will disband, and the Trade Promotion Branch will continue to work with successful exporters in these markets. New teams will form around new target markets as they are selected for intensive development.

In addition to the above "geographic" projects, three "sectoral" projects got underway. These were selected to be complementary to the geographic projects in that they are targeted on our key markets in the U.S. and the Pacific Rim, and concern mainly value-added agriculture and food products. The sectoral projects identified are:

—an inter-governmental and inter-industry study of the effect that changes in the Japanese canola oil tariff could have on Western Canadian canola seed and oil producers, particularly as such changes affect our competitive position in both the Japanese and U.S. markets.

—a thorough review of the trade-related aspects of the development of the alfalfa industry in Saskatchewan with a view to expanding sales of value-added product to Japan and other Pacific Rim markets.

—an investigation of the trade effects of recent policy changes in the Canadian International Development Agency (CIDA), particularly relating to procurement of value-added products from Saskatchewan.

Trade Policy Branch

The branch was strengthened in the 1988-89 fiscal year with the amalgamation of the duties of the former Trade Negotiations Secretariat, making the branch the government's centre of expertise in all matters respecting trade policy.

Activities involve three main areas: the General Agreement on Tariffs and Trade (GATT), the Canada-U.S. Free Trade Agreement (FTA) and trade disputes.

In 1988-89, the branch began directing Saskatchewan's input in all issues related to the Uruguay Round Negotiations of the GATT. This included formulating provincial positions and strategies to achieve results beneficial to Saskatchewan industry. Negotiating new rules for international trade in agricultural products continued to be Saskatchewan's first priority. Another important Saskatchewan objective was to reduce tariffs and other barriers in the international arena to provide Saskatchewan products with greater and more secure access to export markets. In addition, Saskatchewan sought improved rules for trade in natural resource-based products, as well as strengthened, clearer rules governing subsidies and dumping in traded products. This round of multilateral trade negotiations likely will conclude by the end of 1990.

The branch developed and delivered Saskatchewan objectives and positions on the implementation of the FTA. The provinces have a major role in the development of Canadian positions, particularly those in areas of provincial or shared jurisdiction.

The branch developed and articulated Saskatchewan's position on Canada-U.S. and Canada-third country trade disputes that impact on Saskatchewan products. The province worked closely with the federal government on specific disputes affecting Saskatchewan products. This involved the following activities:

—Developing and representing Saskatchewan's position on the Canada-European Community dispute over Canadian provincial liquor agency policies regarding beer, wine and spirits. Resolution of the dispute resulted in the signing of the Agreement Between Canada and the European Community Concerning Trade and Commerce in Alcoholic Beverages.

—Lead role in the preparation and management of the provincial response to the U.S. countervailing duty action against Canadian pork exports.

—Analyzing proposed U.S. trade bills and other American legislation, as well as European Community, Japanese and other international measures that could affect Saskatchewan exports. Together with industry, the branch communicated Saskatchewan's concerns to the federal government.

In addition to these three major activities, the branch maintained other responsibilities including:

—Developing and articulating Saskatchewan's objectives for the reduction and eventual elimination of interprovincial trade barriers through the Intergovernmental Task Force and Committee of Ministers on Internal Trade. To date, agreements have been reached on government procurement and provincial measures related to wines and spirits.

—Producing the widely used *Handbook of Selected Statistics on Saskatchewan Trade.*

Trade Promotion Branch

The Trade Promotion Branch is the commercial edge of the department's Trade Division. Branch personnel work directly with Saskatchewan companies, producers and associations to increase international sales of Saskatchewan goods, services and technologies.

During the 1988-89 fiscal year, the branch intensified its assistance to Saskatchewan firms marketing their products and services outside the province. The branch focussed its efforts on the United States and the Asia Pacific region.

Trade officers assisted companies in marketing an array of products including agricultural equipment, meat and other food products, apparel, building products, secondary wood products, electronic instruments, giftware, forage seed, special crops, generic materials and software.

The department's international offices in Hong Kong, New York and London have firmly established themselves on foreign soil and have successfully supported the efforts of Saskatchewan exporters to market meat, wild rice, specialty crops and other foods in those markets.

Although interest in Saskatchewan grew in an increasing number of countries, both in Europe and Asia, the promotional activities and achievements of the branch were primarily in the target areas of highest potential: the United States and the Pacific Rim, especially Japan and Korea.

Throughout the year, much attention was paid to incoming missions of buyers and to outgoing missions of exporters. For example,the branch:

—Hosted 200 international incoming buyers attending the Western Canada Farm Progress Show in Regina.

—Organized a buyers mission from Hong Kong which resulted in a major Hong Kong importer purchasing full container loads of Saskatchewan bottled water and meat products.

—Organized a Saskatchewan group exhibit at the Canadian International Farm Equipment Show in Toronto.

—Co-ordinated the participation of a number of companies in an outgoing Saskatchewan food mission to Japan.

—Organized and co-ordinated an agriculture equipment mission to attend the Ag Quip Show in Australia.

—Helped the federal government recruit Saskatchewan companies for missions organized by the federal government under its New Exporters to Border States program. Three of these missions, involving residential window manufacturers, apparel manufacturers and software exporters, travelled to Minneapolis; another mission comprising agriculture equipment manufacturers travelled to Minot; a fifth mission, made up of various exporters, investigated opportunities at the Minot Air Force Base.

—The branch also assisted or participated in several other missions, including:

- The Jilin Animal Infectious Disease Delegation in its visit to Saskatchewan;
- Agriculture Canada's technical mission to Thailand;
- A Korean livestock and feed industry mission to Saskatchewan hosted by the Canadian Dehydrated Alfalfa Association;
- A seed company on its forage development project mission to Beijing and Changchun in China;
- The Chinese People's Institute for Foreign Affairs mission hosted by the Government of Canada.

Investment Division

Investment Strategy and Policy Branch

The Investment Strategy and Policy Branch was not fully established until the 1988-89 year, and is responsible for identifying existing and new investment options in Saskatchewan, assisting in the development of a department strategy for investment-related policies and programs, and identifying particular investment projects to be pursued.

Branch activities during the year included:

—Day-to-day responsibility for the provincial government's participation in the federal government's Business Immigration Program. The branch assesses applications under the federal program for their economic impact. Over the past year, there has been a marked increase in the number of projects for attracting new investment to Saskatchewan.

—Monitoring Investment Canada applications, providing Saskatchewan's review of investment applications, takeovers and mergers which may affect the province.

—Undertaking research and analysis on various sectors of the economy, and detailed strategic analyses on various investment opportunities in Saskatchewan.

Investment Development Branch

The Investment Development Branch is responsible for attracting investment to Saskatchewan with an emphasis on processing and manufacturing sectors with the greatest export potential.

The branch was established just prior to 1988-89, and undertook the following activities in its first year of operation:

—Establishing the Saskatchewan Government Growth Fund (SGGF), the first provincially administered immigrant investor fund under the federal government's Business Immigration Program.

—Establishing and providing administrative services to the SGGF Management Corporation to oversee and manage the fund.

—Co-ordinating the federal-provincial joint efforts to support a major manufacturing plant expansion at Flexi-Coil in Saskatoon.

Administration Branch

The Administration Branch's departmental services include:
—legislation and contracts administration;
—financial management and control;
—accounting;
—budgeting;
—supplies and equipment acquisition;
—mail management for co-tenants in the office building;
—stockroom management for Trade and Investment and the Department of Economic Development and Tourism;
—office space planning and co-ordination;

—co-ordination of systems acquisition; and
—human resources management which includes providing expertise and assistance in staffing, classification, staff development and co-ordinating these processes with payroll and the Public Service Commission.

Three major projects were undertaken this year:

—Staffing — The department underwent substantial organizational change in the past fiscal year and major emphasis was placed on classifying and recruiting suitable candidates to vacant positions. The majority of these positions were in middleto senior management levels, including two Assistant Deputy Minister positions, a Senior Advisor to the Deputy Minister and four Branch Director positions.

—New office space — The branch co-ordinated the department's relocation to a new office building.

—Information technology — The branch co-ordinated the formation of a comprehensive strategy for development of computer use, and acquiring hardware and software.

Finally, following the government's implementation of the Employment Equity Plan, the branch established an employee working committee to develop a departmental strategy consistent with the government's objectives.

Public and Corporate Affairs Branch

Public and Corporate Affairs provides communications services to the department, particularly to support activities of the Trade Division and the Investment Division. Services are also provided to the Minister and the government as a whole, as well as to the Saskatchewan exporting and manufacturing community as joint projects arise.

These communications activities are targeted to promoting Saskatchewan exports, attracting out-of-province investment, encouraging industrial development and providing information on departmental programs and services.

Public and Corporate Affairs produces speeches, news releases, pamphlets, booklets, technical publications, video productions, advertising, exhibitry and specialty promotional items. The branch also assists the department in trade and investment shows, official openings, news conferences, seminars, missions and other special events.

Several new initiatives were taken in 1988-89:

- Publication of *The Source*, an extensive kit promoting a wide variety of food, beverage and agricultural products in theexport market. This kit was designed to meet needs of exporting companies as well as various government departments, and has been in wide demand. An exhaustive survey was launched to measure industry response and to guide in future development of the kit.

- Publication of *Trade and Investment Today*, a newsletter of the department geared to creating awareness of export and investment opportunities and activities in the private sector. The first issues of the newsletter led to a number of follow-up articles in the provincial media, and at least one known business development, involving a Japanese trading company and a Saskatchewan exporter.

- Refurbishing of the department's extensive trade show exhibit system. This portable, modular system was upgraded technically and visually to allow more flexible use and to provide stronger promotional messages when Saskatchewan and its exporters are represented at trade events.

- Development of a new multilingual thrust in communications, producing *The Saskatchewan Promise* in Japanese and Korean versions, the *Saskatchewan Profile* in Chinese, and specialized trade mission promotional materials in Japanese.

Ongoing activities of the branch during the year included:

- Annual publications, especially the *Saskatchewan Implement Buyer's Guide* and *The Saskatchewan Promise*.

- Advertising in national and international markets to promote Saskatchewan's export and investment opportunities.

- A broad range of communication projects to support export-related trade shows in which the Trade Division and exporters participated.